

# APPENDIX

**Date :** 3/20/2012 9:51:00 AM  
**From :** "Christopher Mucke" [cmucke@aclrsbs.com](mailto:cmucke@aclrsbs.com)  
**To :** "Jason Barnes" [jbarnes@aclrsbs.com](mailto:jbarnes@aclrsbs.com)  
**Subject :** December 2011 Monthly Report  
**Attachment :** Part D RAC Monthly Progress Report.1211.pdf;

Tanette has yet to get back to us on reporting formats. Please upload into the RAC Portal.

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**Christopher Mucke | Managing Principal | ACLR, LLC**  
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January 5, 2012

Marnie Dorsey  
Contracting Office Technical Representative  
Center for Program Integrity / Division of Plan Oversight and Accountability  
7500 Security Boulevard  
Mail Stop: AR-18-50  
Baltimore, MD 21244-1850

Re: Monthly Progress Report  
Recovery Audit Services in Support of Medicare Part D  
Contract #: GS-23F-0074W  
Task Order #: HHSM-500-2011-00006G

Dear Ms. Dorsey:

The attached progress report reflects the activities and key events that occurred from December 1 through December 31, 2011, as well as upcoming events for the month of January 2012.

Please let me know if there is any further information you require.

Very truly yours,

A handwritten signature in dark ink, appearing to read "C. Mucke", is written above the printed name.

Christopher A. Mucke  
Project Director

cc: Wheeler, Desiree; CMS/OAGM, Contract Specialist  
Barnes, Jason; ACLR, Audit Director  
Dixon, Bruce; ACLR, Systems Security Officer



### Progress Report

<b>Project Name</b>	Recovery Audit Services in Support of Medicare Part D
<b>Task Order Number</b>	HHSM-500-2011-00006G
<b>CMS COTR</b>	Marnie Dorsey
<b>Reporting Period</b>	December 1 through December 31, 2011

#### Key Accomplishments:

- Receipt of PDE data files via TIBCO.
- Execution of Contract Suspended by CMS Contract Office/Review of Revised SOW.
- Website Content Call with CMS/Booz to discuss items in website including plan sponsor access related security issues- December 9, 2011.
- Part D Impact Calculation Process Discussion - December 9, 2011.
- Filed REA to address delays and contract suspension - December 18, 2011.
- One PI – Business Objects Advanced Training Canceled - December 22, 2011.
- Reconciled PDE data to year end reconciliations - December 29, 2011.
- ACLR SSO uploaded documentation into CFACTS supporting the closure of MITRE security assessment findings pending verification by CMS.

#### Upcoming Events:

- ACLR/CMS/Livanta Kick-off Meeting - January 3, 2012.

#### Action Items:

- Continue to import 2008 and 2009 PDE data from ACLR's file transfer server into ACLR's SQL Server data base (January 2012).
- Continue recovery audit services in production environment (January 2012).
- Resolve contract/contract implementation variances (January 2012).
- Resolve findings identified in MITRE Security Assessment (ongoing).

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**Synopsis:**

**Enterprise File Transfer:** PDE data files continued to be transferred via TIBCO from CMS to ACLR; 2007 was completely transferred by 12/07/2011, 2008 by 12/16/2011, 2009 by 12/30/2011. 2007 PDE data was imported from ACLR's file transfer server into ACLR's SQL Server data base; totaling 970,936,460 PDE submissions.

**Execution of Contract Suspended by CMS Contract Office:** Execution of contract as awarded suspended by Desiree Wheeler. Revised SOW submitted by COTR on December 9<sup>th</sup>; questions and comments provided by ACLR to contract and program offices on December 14<sup>th</sup>.

**Website Content:** Attended conference call with CMS and Booz Allen to discuss website content for Part D RAC. Primary request by CMS included the ability for plan sponsors to access aclrrac.com to obtain exception reports and to determine the current status of audits; security risks to access also discussed.

**Part D Impact Calculation Process:** Chris Mucke attended meeting on December 9<sup>th</sup> with Lauren Strauss and Chris Mendez to review and discuss CMS Part D Impact Calculation Process & Part C/D Payment Processes.

**REA:** Request for Equitable Adjustment to address contract delays and suspension filed by ACLR with the Contracting Officer, Desiree Wheeler on December 19, 2012.

**One PI – Business Objects Advanced Training:** Michele Dunn contacted Chris Mucke and Jason Barnes on December 22 to inform them that the One PI – Business Objects Advanced Training class scheduled for January 4<sup>th</sup> and 5<sup>th</sup> was cancelled because, with recent withdrawals, there were fewer students than the accepted minimum.

**PDE Data Reconciliation:** Attended meeting with Teresa Dangerfield, Tanette Downs, and Lauren Strauss on December 29 to discuss reconciling PDE data to Plan Reconciliation Amounts. ACLR analyzed PDE data and determined data reconciled to amounts associated with the Contract of Record (PTAP\_CNTRT\_OF\_REC) and PDE of Record (PTAP\_PBP\_OF\_REC) fields not the Contract Number (PTAP\_CONTRACT\_NUM) and PBP ID (PTAP\_PBP\_ID) fields.

**RAC Part D ACLR Security Assessment Findings:** ACLR SSO continued to upload documentation supporting the closure, pending verification by CMS, of security assessment findings submitted by MITRE in the RAC Part D ACLR Security Assessment Final Test Report.

As of December 1, 2011 the remaining open findings are summarized below:

Open Findings	Level			
	High	Medium	Low	Totals
December 1, 2011	0	4	3	7

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ACLR continued to address and resolve findings during the month of December; resolved findings are pending verification of supporting documentation by CMS. As of the month of December, the remaining open findings are summarized below:

Open Findings	Level			Totals
	High	Medium	Low	
December 31, 2011	0	4	2	6

ACLR is working on completing 5 of the 6 remaining findings and anticipates that they will be closed within the next two months. In addition, the System Security Plan, Risk Assessment, and Contingency Plan wizards were completed in CFACTS and now can be systematically generated by CFACTS. All security controls in CFACTS were also updated.

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Date : 10/27/2011 11:29:15 AM

From : "Jason Barnes" jbarnes@aclrsbs.com

To : "Christopher Mucke" cmucke@aclrsbs.com

Cc : "Jason Barnes" jbarnes@aclrsbs.com

Subject : Updated Part D Liability Calculation.Outreach - Subsequent Issues Calculation

Attachment : Part D Liability Calculation.Outreach1.xlsx;

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**Jason Barnes | Audit Director | ACLR, LLC**

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Summary

Part D Liability Calculation.Outreach1

Amounts Due/Owed - Improper Payment Issue #1	
Direct Subsidy	\$43.00
Reinsurance	23.28
LICS	2.00
Totals	\$68.28

Amounts Due/Owed - Improper Payment Issue #2	
Direct Subsidy	\$21.50
Reinsurance	11.64
LICS	1.00
Totals	\$34.14



### Raw PDE Data

[illegible]

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### Raw PDE Data

Health Insurance Claim Number (H/CN)	GDCB	GDCA	Low-Income Cost-Sharing Subsidy Amount (LICS)	Covered D Plan Paid Amount (CPP)
CD333333333	5.00	0.00	0.00	0.00
CD333333333	225.00	0.00	0.00	0.00
CD333333333	5.00	0.00	0.00	0.00
CD333333333	5.00	0.00	0.00	0.00
CD333333333	5.00	0.00	0.00	3.75
CD333333333	5.00	0.00	0.00	3.75
CD333333333	5.00	0.00	0.00	3.75
CD333333333	1,975.00	0.00	0.00	1,481.25
CD333333333	5.00	0.00	0.00	3.75
CD333333333	5.00	0.00	0.00	3.75
CD333333333	5.00	0.00	0.00	0.00
CD333333333	5.00	0.00	0.00	0.00
DE444444444	5.00	0.00	0.00	0.00
DE444444444	5.00	0.00	0.00	0.00
DE444444444	5.00	0.00	0.00	0.00
DE444444444	225.00	0.00	0.00	0.00
DE444444444	5.00	0.00	0.00	0.00
DE444444444	5.00	0.00	0.00	0.00
DE444444444	5.00	0.00	0.00	3.75
DE444444444	5.00	0.00	0.00	3.75
DE444444444	5.00	0.00	0.00	3.75
DE444444444	1,975.00	0.00	0.00	1,481.25
DE444444444	5.00	0.00	0.00	3.75
DE444444444	5.00	0.00	0.00	3.75
DE444444444	5.00	0.00	0.00	0.00
DE444444444	5.00	0.00	0.00	0.00
DE444444444	5.00	0.00	0.00	0.00
EF555555555	5.00	0.00	0.00	0.00
EF555555555	5.00	0.00	0.00	0.00
EF555555555	5.00	0.00	0.00	0.00
EF555555555	225.00	0.00	0.00	0.00
EF555555555	5.00	0.00	0.00	0.00
EF555555555	5.00	0.00	0.00	0.00
EF555555555	5.00	0.00	0.00	3.75
EF555555555	5.00	0.00	0.00	3.75
EF555555555	5.00	0.00	0.00	3.75
EF555555555	1,975.00	0.00	0.00	1,481.25
EF555555555	5.00	0.00	0.00	3.75
EF555555555	5.00	0.00	0.00	3.75
EF555555555	5.00	0.00	0.00	0.00
EF555555555	5.00	0.00	0.00	0.00

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Health Insurance Claim Number (HICN)	GDCB	GDCA	Low-Income Cost-Sharing Subsidy Amount (UCS)	Covered D Plan Paid Amount (CPP)
EE5555555555	10.00	0.00	0.00	0.00
EE5555555555	2,800.00	0.00	0.00	0.00
EE5555555555	10.00	0.00	0.00	0.00
EE5555555555	10.00	0.00	0.00	0.00
EE5555555555	0.00	10.00	0.00	9.50
EE5555555555	0.00	10.00	0.00	9.50
EE5555555555	0.00	10.00	0.00	9.50
EE5555555555	0.00	12,450.00	0.00	11,827.50
EE5555555555	0.00	10.00	0.00	9.50
EE5555555555	0.00	10.00	0.00	9.50
FF6666666666	10.00	0.00	0.00	9.00
FF6666666666	10.00	0.00	0.00	9.00
FF6666666666	10.00	0.00	0.00	9.00
FF6666666666	200.00	0.00	0.00	180.00
FF6666666666	10.00	0.00	0.00	9.00
FF6666666666	10.00	0.00	0.00	9.00
FF6666666666	10.00	0.00	1.50	7.50
FF6666666666	10.00	0.00	1.50	7.50
FF6666666666	1,950.00	0.00	292.50	1,462.50
FF6666666666	10.00	0.00	1.50	7.50
FF6666666666	10.00	0.00	1.50	7.50
FF6666666666	10.00	0.00	0.00	9.00
FF6666666666	10.00	0.00	0.00	9.00
FF6666666666	0.00	10.00	0.50	9.50
FF6666666666	0.00	10.00	0.50	9.50
FF6666666666	0.00	10.00	0.50	9.50
GG7777777777	10.00	0.00	62.25	12,387.75
GG7777777777	0.00	10.00	0.50	9.50
GG7777777777	0.00	10.00	0.50	9.50
GG7777777777	10.00	0.00	0.00	9.00
GG7777777777	10.00	0.00	0.00	9.00
GG7777777777	10.00	0.00	0.00	9.00
GG7777777777	10.00	0.00	1.50	7.50
GG7777777777	10.00	0.00	1.50	7.50
GG7777777777	1,950.00	0.00	292.50	1,462.50
GG7777777777	10.00	0.00	1.50	7.50

[illegible]

**CONFIDENTIAL DATA**



### Raw PDE Data

[illegible]

Health Insurance Claim Number (H/CN)	GDCB	GDCA	Low-Income Cost-Sharing Subsidy Amount (LICs)	Covered D Plan Paid Amount (CPP)
GH77777777	5.00	0.00	0.75	3.75
GH77777777	5.00	0.00	0.00	4.50
GH77777777	5.00	0.00	0.00	4.50
GH99999999	8.00	0.00	0.00	4.50
GH77777777	2,825.00	0.00	0.00	2,542.50
GH77777777	5.00	0.00	0.00	4.50
GH77777777	5.00	0.00	0.00	4.50
H188888888	5.00	0.00	0.00	4.50
H188888888	5.00	0.00	0.00	4.50
H188888888	5.00	0.00	0.00	4.50
H188888888	225.00	0.00	0.00	202.50
H188888888	5.00	0.00	0.00	4.50
H188888888	5.00	0.00	0.00	4.50
H188888888	5.00	0.00	0.75	3.75
H188888888	5.00	0.00	0.75	3.75
H188888888	5.00	0.00	0.75	3.75
H188888888	1,975.00	0.00	296.25	1,481.25
H188888888	5.00	0.00	0.75	3.75
H188888888	5.00	0.00	0.75	3.75
H188888888	5.00	0.00	0.00	4.50
H188888888	5.00	0.00	0.00	4.50
H188888888	5.00	0.00	0.00	4.50
I999999999	5.00	0.00	0.00	4.50
I999999999	5.00	0.00	0.00	4.50
I999999999	5.00	0.00	0.00	4.50
I999999999	5.00	0.00	0.00	4.50
I999999999	5.00	0.00	0.75	3.75
I999999999	5.00	0.00	0.75	3.75
I999999999	5.00	0.00	0.75	3.75
I999999999	1,975.00	0.00	296.25	1,481.25
I999999999	5.00	0.00	0.75	3.75
I999999999	5.00	0.00	0.75	3.75
I999999999	5.00	0.00	0.00	4.50
I999999999	5.00	0.00	0.00	4.50
I999999999	5.00	0.00	0.00	4.50
JK000000000	5.00	0.00	0.00	4.50
JK000000000	5.00	0.00	0.00	4.50
JK000000000	5.00	0.00	0.00	4.50
JK000000000	225.00	0.00	0.00	202.50
JK000000000	5.00	0.00	0.00	4.50

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## Part D Liability Calculation.Outreach1

## Raw PDE Data

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Health Insurance Claim Number (HICN)	GDCB	GDCA	Low-Income Cost-Sharing Subsidy Amount (LICS)	Covered D Plan Paid Amount (CPP)
JK0000000000	10.00	0.00	0.00	9.00
JK0000000000	10.00	0.00	1.50	7.50
JK0000000000	10.00	0.00	1.50	7.50
JK0000000000	10.00	0.00	1.50	7.50
JK0000000000	1,950.00	0.00	292.50	1,462.50
JK0000000000	10.00	0.00	1.50	7.50
JK0000000000	10.00	0.00	1.50	7.50
JK0000000000	10.00	0.00	0.00	9.00
JK0000000000	10.00	0.00	0.00	9.00
JK0000000000	10.00	0.00	0.00	9.00
JK0000000000	2,800.00	0.00	0.00	2,520.00
JK0000000000	10.00	0.00	0.00	9.00
JK0000000000	10.00	0.00	0.00	9.00
JK0000000000	0.00	10.00	0.50	9.50
JK0000000000	0.00	10.00	0.50	9.50
JK0000000000	0.00	10.00	0.50	9.50
JK0000000000	0.00	12,450.00	62.25	12,387.75
JK0000000000	0.00	10.00	0.50	9.50
JK0000000000	0.00	10.00	0.50	9.50
Totals	45,360.00	50,000.00	1,629.50	75,032.50

Improper Payments - Issue #1

Deductible

Initial Benefit

Catastrophic

Health Insurance Claim Number (HICN)	GDCB	GDCA	Low-Income Cost-Sharing Subsidy Amount (LICS)	Covered D Plan Paid Amount (CPP)
JK0000000000	5.00	0.00	0.00	4.50
JK0000000000	5.00	0.00	0.75	3.75
JK0000000000	5.00	0.00	0.75	3.75
JK0000000000	5.00	0.00	0.75	3.75
JK0000000000	1,975.00	0.00	296.25	1,481.25
JK0000000000	5.00	0.00	0.75	3.75
JK0000000000	5.00	0.00	0.75	3.75
JK0000000000	5.00	0.00	0.00	4.50
JK0000000000	5.00	0.00	0.00	4.50
JK0000000000	5.00	0.00	0.00	4.50
JK0000000000	2,825.00	0.00	0.00	2,542.50
JK0000000000	5.00	0.00	0.00	4.50
JK0000000000	5.00	0.00	0.00	4.50
JK0000000000	0.00	5.00	0.25	4.75
JK0000000000	0.00	5.00	0.25	4.75
JK0000000000	0.00	5.00	0.25	4.75
JK0000000000	0.00	12,475.00	62.38	1,185.13
JK0000000000	0.00	5.00	0.25	4.75
JK0000000000	0.00	5.00	0.25	4.75
Totals	45,330.00	50,000.00	1,627.25	52,566.25

Improper Payments - Issue #2

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## Part D Liability Calculation: Outreach1

## Improper Payments

1 of 1

Improper Payments - Issue #1						Improper Payments - Issue #2					
Health Insurance Claim Number (HICN)	GDCB	GDCA	Low-Income Cost-Sharing Subsidy Amount (LICs)	Covered D Plan Paid Amount (CPP)		Health Insurance Claim Number (HICN)	GDCB	GDCA	Low-Income Cost-Sharing Subsidy Amount (LICs)	Covered D Plan Paid Amount (CPP)	
AA111111111	10.00	0.00	0.00	0.00	0.00	AB111111111	5.00	0.00	0.00	0.00	0.00
AA111111111	10.00	0.00	0.00	7.50	0.00	AB111111111	5.00	0.00	0.00	0.00	3.75
AA111111111	10.00	0.00	0.00	0.00	0.00	AB111111111	5.00	0.00	0.00	0.00	0.00
AA111111111	0.00	10.00	0.00	9.50	0.00	AB111111111	0.00	5.00	0.00	0.00	4.75
BB222222222	10.00	0.00	0.00	0.00	0.00	BC222222222	5.00	0.00	0.00	0.00	0.00
BB222222222	10.00	0.00	0.00	7.50	0.00	BC222222222	5.00	0.00	0.00	0.00	3.75
BB222222222	10.00	0.00	0.00	0.00	0.00	DE444444444	5.00	0.00	0.00	0.00	0.00
DD444444444	0.00	10.00	0.00	0.00	0.00	EF555555555	0.00	5.00	0.00	0.00	4.75
GG777777777	10.00	0.00	0.00	9.00	0.00	GH777777777	5.00	0.00	0.00	0.00	4.50
GG777777777	10.00	0.00	1.50	7.50	0.00	GH777777777	5.00	0.00	0.00	0.75	3.75
GG777777777	10.00	0.00	0.00	9.00	0.00	HH999999999	5.00	0.00	0.00	0.00	4.50
HH999999999	10.00	0.00	0.00	0.00	0.00	JK000000000	0.00	5.00	0.00	0.00	4.50
JK000000000	0.00	10.00	0.50	9.50	0.00	Totals	55.00	15.00	1.00		39.00

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## Part D Liability Calculation Outrashed1

## Risk Sharing Calculation

1 of 1

Risk Sharing - Improper Payment Issue #1:

Description	Original Reconciliation
Direct Subsidy Payments	3,078,000
Part D Basic Premiums	2,100,000
Administrative Cost Ratio	0.15
<b>Target Amount</b>	<b>4,401,300</b>

Description	Original Reconciliation	Improper Payments - Issue #1	Adjusted Reconciliation - Issue #1
URCC (CPI)	8,120,000	78	8,119,922
REINS Subsidy	1,620,000		1,619,977
Net DIR	1,500,000		1,500,000
Induced Utilization	1,018		1,018
<b>AARCC</b>	<b>4,911,591.36</b>		<b>4,911,537.60</b>

Description	Original Reconciliation	AARCC Risk Sharing - Issue #1
AARCC	4,911,591	290,171
STUL	4,841,430	70,108
FTUL	4,621,365	220,065
FTLL	4,181,235	0
STLL	3,961,170	0

Description	Original Reconciliation Amounts	Improper Payment Reconciliation Risk Sharing - Issue #1	Original Reconciliation Liability	Improper Payment Reconciliation Liability - Issue #1	Net Liability - Issue #1
80% Payment	70,161	56,129	70,108	56,086	43
50% Payment	220,065	110,033	220,065	110,033	0
No Payment/Repayment	220,065	0	220,065	0	0
No Payment/Repayment	0	0	0	0	0
50% Payment	0	0	0	0	0
80% Payment	0	0	0	0	0
<b>Totals</b>	<b>510,291</b>	<b>166,162</b>	<b>510,238</b>	<b>166,119</b>	<b>43</b>

Risk Sharing - Improper Payment Issue #2:

Description	Original Reconciliation
Direct Subsidy Payments	3,078,000
Part D Basic Premiums	2,100,000
Administrative Cost Ratio	0.15
<b>Target Amount</b>	<b>4,401,300</b>

Description	Adjusted Reconciliation - Issue #1	Improper Payments - Issue #2	Adjusted Reconciliation - Issue #2
URCC (CPI)	8,119,922	39	8,119,883
REINS Subsidy	1,619,977		1,619,965
Net DIR	1,500,000		1,500,000
Induced Utilization	1,018		1,018
<b>AARCC</b>	<b>4,911,537.60</b>		<b>4,911,510.73</b>

Description	Adjusted Reconciliation - Issue #1	AARCC Risk Sharing - Issue #2
AARCC	4,911,538	290,171
STUL	4,841,430	70,108
FTUL	4,621,365	220,065
FTLL	4,181,235	0
STLL	3,961,170	0

Description	Improper Payment Reconciliation Risk Sharing Amounts - Issue #1	Improper Payment Reconciliation Liability - Issue #1	Improper Payment Reconciliation Risk Sharing Amounts - Issue #2	Improper Payment Reconciliation Liability - Issue #2	Net Liability - Issue #2
80% Payment	70,108	56,086	70,081	56,065	22
50% Payment	220,065	110,033	220,065	110,033	0
No Payment/Repayment	220,065	0	220,065	0	0
No Payment/Repayment	0	0	0	0	0
50% Payment	0	0	0	0	0
80% Payment	0	0	0	0	0
<b>Totals</b>	<b>510,238</b>	<b>166,119</b>	<b>510,211</b>	<b>166,097</b>	<b>22</b>

CONFIDENTIAL DATA

## Part D Liability Calculation Outreach1

## Reinsurance Calculation

1 of 1

## Reinsurance Subsidy - Improper Payment Issue #1:

Description	Original Reconciliation	Improper Payments - Issue #1	Adjusted Reconciliation - Issue #1
GDCA	2,250,000	30	2,249,970
GDCA	12,750,000	110	12,749,890
Totals	15,000,000		14,999,860
DIR Ratio	0.150000		0.149999
Net DIR	1,500,000		1,500,000
DIR Ratio	0.150000		0.149999
REINS DIR	225,000		224,999
GDCA	2,250,000	30	2,249,970
REINS DIR	225,000		224,999
Allowable Reins	2,025,000		2,024,971
Subsidy %	80%		80%
REINS Subsidy	1,620,000		1,619,977
PROP REINS AMT	35		35
Member Months	60,000		60,000
PROP REINS	2,100,000		2,100,000
REINS Subsidy	1,620,000		1,619,977
PROP REINS	2,100,000		2,100,000
Amounts Due/Owed	-480,000		-480,023
Variance	23.28		

## Reinsurance Subsidy - Improper Payment Issue #2:

Description	Adjusted Reconciliation - Issue #1	Improper Payments - Issue #2	Adjusted Reconciliation - Issue #2
GDCA	2,249,970	15	2,249,955
GDCA	12,749,890	55	12,749,835
Totals	14,999,860		14,999,790
DIR Ratio	0.149999		0.149999
Net DIR	1,500,000		1,500,000
DIR Ratio	0.149999		0.149999
REINS DIR	224,999		224,999
GDCA	2,249,970	15	2,249,955
REINS DIR	224,999		224,999
Allowable Reins	2,024,971		2,024,956
Subsidy %	80%		80%
REINS Subsidy	1,619,977		1,619,965
PROP REINS AMT	35		35
Member Months	60,000		60,000
PROP REINS	2,100,000		2,100,000
REINS Subsidy	1,619,977		1,619,965
PROP REINS	2,100,000		2,100,000
Amounts Due/Owed	-480,023		-480,035
Variance	11.64		

CONFIDENTIAL DATA



## Part D Liability Calculation Outreach1

## UCS Calculation

1 of 1

LCS Subsidy - Improper Payment Issue #1:

	Original Reconciliation Amounts
PROP LCS AMT	120
Member Months	24,000
PROP LCS	2,880,000

	Original Reconciliation Amounts	Improper Payment Reconciliation Amounts - Issue #1	Improper Payment Reconciliation Amounts - Issue #1
Non-P2P LCS	2,500,000	2	2,499,998
P2P LCS	400,000	0	400,000
P2P NPP	100,000	0	100,000
Totals	3,000,000	2	2,999,998
Liability	120,000		119,998

Net Liability 2

LCS Subsidy - Improper Payment Issue #2:

	Original Reconciliation Amounts
PROP LCS AMT	120
Member Months	24,000
PROP LCS	2,880,000

	Original Reconciliation Amounts	Improper Payment Reconciliation Amounts - Issue #2	Improper Payment Reconciliation Amounts - Issue #2
Non-P2P LCS	2,500,000	1	2,499,999
P2P LCS	400,000	0	400,000
P2P NPP	100,000	0	100,000
Totals	3,000,000	1	2,999,999
Liability	120,000		119,999

Net Liability 1

CONFIDENTIAL DATA

**Date :** 3/28/2012 12:28:00 PM  
**From :** "Christopher Mucke" [cmucke@aclrsbs.com](mailto:cmucke@aclrsbs.com)  
**To :** "optinference@gmail.com" [optinference@gmail.com](mailto:optinference@gmail.com)  
**Subject :** PDE Modifications  
**Attachment :** Modifying PDE Fields.docx;

Ray, here is the internal control issue I referenced regarding PDE modifications. In short, you have to precisely enter data to replace an event. How many times do you think someone just decided to enter a new event...

---

**Christopher Mucke | Managing Principal | ACLR, LLC**  
38705 7 Mile Rd, Ste 460 | Livonia, Michigan 48152-3975 | ☎ (734) 744 - 4401 | 📠 (734) 744 - 4150 | ✉ <mailto:cmucke@aclrsbs.com>

The information contained in this message may be privileged and confidential and protected from disclosure. If you are not the intended recipient, or an employee or agent responsible for delivering this message to the intended recipient, you are hereby notified that any dissemination of, distribution of, copying of, or taking action in reliance on this communication is strictly prohibited. If you have received this communication in error, please notify the sender immediately by replying to the message and deleting it from your computer.

### 3.6 Modifying Prescription Drug Event Records (Slides 30-32)

To change a PDE after DDPS saves it, plans will submit an adjustment or deletion PDE. A small number of systems use “void and replace” methodology instead of adjustment logic. These systems do not send adjustment PDEs. They change data by voiding the record in error and replacing it with a new record. DDPS accepts either adjustments or “void and replace” changes. We use the term adjustment to describe both methods to change data. Examples of when an adjustment or deletion might be required include:

- Deletion: A beneficiary does not pick up a prescription, and the plan is not notified until after the PDE record has been submitted.
- Adjustment: The pharmacy receives an Other Health Insurance (OHI) payment after the PDE has been submitted.
- Adjustment: A beneficiary is declared eligible for low-income assistance and the benefits are retroactive across several PDEs that have been submitted.
- Adjustment: The original payment to the pharmacy is changed after DDPS accepted the PDE.

When the Adjustment/Deletion Code is populated, DDPS recognizes that a record is being either adjusted or deleted. In order for one of these actions to take place, the record submitted with the adjustment/deletion field populated must match the record in the database to be adjusted or deleted in the following nine fields.

- HICN
- Service Provider ID
- Service Provider ID Qualifier
- Prescription Service Reference Number
- DOS
- Fill Number
- Dispensing Status
- Contract Number
- PBP ID

The first seven fields are located in the DET record. The last two fields, located in the BHD, identify the contract number of the plan that originally submitted the PDE Record and the Plan Benefit Package to which the beneficiary belongs. DDPS includes contract and PBP in adjustment match logic to reserve adjustment and deletion authority to the plan that originally submitted the data.

**TABLE 3P – IMPACT OF THE ADJUSTMENT/DELETION CODE ON PDE RECORDS**

CODE	CODE DEFINITION	IMPACT
A	Adjustment	If a current (active) record, matching the nine fields is found in the DDPS database the system will inactivate the old record and save the adjusted record.
D	Deletion	If a current (active) record, matching the nine fields, is found in the DDPS database, the system will inactivate the old record without saving the new record.
<blank>	Original PDE	Indicates original PDE

If a current (active) record that satisfies the matching logic is not found, DDPS rejects the adjustment or delete record and returns an error message.

There are several things to keep in mind when undertaking this process:

- Internally, DDPS uses the file submission date to identify a PDE, therefore only one original record, adjustment, or deletion for an event can be submitted per day.
- Inactive records (i.e., adjusted or deleted records) are excluded from any payment calculations.
- Inactive records cannot be adjusted. If a plan wants to adjust a record that has previously been deleted, a new record must be submitted. A record that has previously been adjusted but not deleted retains an active record status (the most recent adjustment) and can be adjusted again.

CMS uses the term “final action” to describe the most recently accepted original, adjustment, or delete PDE record representing a single dispensing event.

Plans can minimize adjustment/deletion volume by waiting to submit PDEs until data have been finalized; however, plans must submit data according to the timeline specified by CMS, which is at least one accepted PDE file per calendar month and a PDE submission lag time of original PDEs submitted within 30 days of the date of service.

**John Bonello**

---

**From:** John Bonello  
**Sent:** Wednesday, October 19, 2022 12:23 PM  
**To:** Pixley, Joseph (CIV); Golden, Augustus J. (CIV)  
**Cc:** Tom David  
**Subject:** G&A Costs

Joe,

The Court's Order of October 5, 2022 suggested that the parties work to cooperatively to identify any items of evidence that are unrelated to the damages requested and to appropriately account for the same.

To that end, ACLR has reviewed its G&A costs and identified four inadvertent inclusions. These four include the following:

- 1) May 17, 2011 - \$63.50 of alcohol during a lunch charge was included in the costs. The tip was 22% of the overall bill so the portion of the tip allocated to the alcohol was \$13.97. ACLR will reduce its G&A costs for this lunch by \$77.47.
- 2) September 28, 2011 - \$20.11 of alcohol was inadvertently included in the costs. ACLR will reduce its G&A costs for this charge of \$20.11.
- 3) October 26, 2011 - A \$73.79 expense was inadvertently included in the costs. ACLR will reduce its G&A costs for this charge of \$73.59.
- 4) November 9, 2011 - A charge of \$185.76 was inadvertently included in the costs. ACLR will reduce its G&A costs for this charge of \$185.76.

Accordingly, ACLR will reduce its G&A costs by \$356.93.

Regards,

John

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(703) 264-2226 (fax)  
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[jbbonello@dbd-law.com](mailto:jbbonello@dbd-law.com)

**IN THE UNITED STATES COURT  
OF FEDERAL CLAIMS**

**ACLR, LLC**

**Plaintiff**

**v.**

**THE UNITED STATES**

**Defendant**

**Civil Action No. 15-767  
(Judge Campbell-Smith)**

**DECLARATION OF CHRISTOPHER MUCKE REGARDING ACLR, LLC'S  
STANDARD RECORD KEEPING SYSTEM**

I, Christopher Mucke, am competent to testify on the matters stated herein and make the following statements on personal knowledge and under oath:

1. I am the Managing Principal of ACLR, LLC ("ACLR") and am over 18 years of age.
2. ACLR's standard record keeping system was originally implemented in April 2006 and is presently in effect.
3. ACLR's standard record keeping system includes the use of Quickbooks, an accounting software package, to track costs; Microsoft File Explorer, which electronically stores vendor invoices, client work product, and archived communications data; Microsoft Outlook, which tracks company communications; external suppliers and various external file storage devices used to back up and secure company data to ensure against data loss; and paper files for employee and client contract information.

4. All of ACLR's work efforts on behalf of CMS in its execution of the Part D RAC Contract utilized all components of ACLR's standard record keeping system.

5. The portion of ACLR's standard record keeping system used to track costs, accounting, and tax related information was Quickbooks. Amounts paid or incurred by ACLR were individually input into Quickbooks and consist of amounts paid for goods and services and are supported by vendor invoices (PX 441), receipts (PX 441), credit card statements (PX 441), payroll information (PX 432), and checks and EFT payment information included in bank statements (PX 430).

6. ACLR's vendor invoices (PX441), receipts (PX441), credit card statements (PX441), and payroll (PX432) and bank statement (PX 430) records used to support cost, accounting, and tax related information tracked in Quickbooks are kept in an electronic format and stored in Microsoft File Explorer.

7. To ensure against record and data loss, ACLR keeps and maintains back-up copies of all records in each component of its standard record keeping system on external storage devices and at various external suppliers.

8. In addition to tracking amounts paid or incurred by ACLR, ACLR utilizes Quickbooks to generate a variety of reports for accounting and tax purposes, including, but not limited to, expense reports (PX 441), check registers, balance sheets, trial balances, income statements (PX 444, 446, 448, 450, and 452), and its general ledger. PX 426, 433, 437, and 442 include check registers generated from Quickbooks and exported into Excel. Individual payments outlined in each of these check registers are individually referenced and tracked in ACLR's bank statements (PX 430).

9. ACLR contracted with Automatic Data Processing, Inc. ("ADP") to provide payroll services. ADP payroll services included making payroll and expense reimbursement payments to ACLR employees, filing pertinent federal, state, and local payroll reports/returns, and generating W-2 and other tax information necessary for ACLR to comply with federal and state law (PX 431, 445, 447, 449, 451, and 453). ADP was also responsible for maintaining employee records pertaining to employee commencement/termination dates, pertinent personal information, employee deduction information including 401k, insurance, and garnishment, direct deposit and pay records, and filing and paying federal, state, and local taxes on behalf of ACLR. (PX 432). The records generated through ADP are kept and maintained within the Microsoft File Explorer portion of ACLR's standard record keeping system.

10. Invoices and payroll reports generated by ADP as well as invoices and related supporting documentation for all other vendors providing goods and services to ACLR are kept and maintained in an electronic format in Microsoft File Explorer and on external storage devices and at various external suppliers.

11. Work product, communications, and records supporting work efforts performed by ACLR personnel and related stakeholders on behalf of the Part D RAC contract in the 2007 and 2010 Duplicate Payment audits are maintained on ACLR's standard recordkeeping system - specifically, Microsoft Outlook, File Explorer, and external backup repositories and suppliers (PX 1-3, 5-6, 9-93, 97, 103-105, 110-112, 114, 117-257, 259-425).

I declare, under penalty of perjury, that the foregoing is true and correct.

Executed this 14<sup>th</sup> day of October, 2022.

  
\_\_\_\_\_  
Christopher Mucke



ACLR, LLC v. USA

Exhibit 269

1 of 4

## General Administrative T4C Cost Summary

Mth	General & Administrative Expenses - Base Period					Totals
	Equipment & Fixtures	IT Services	Misc G&A Exp	Professional Svcs	Travel	
Feb	167.21	1,085.00	4,388.93	0.00	20.00	5,661.14
Mar	48,549.33	27,562.07	11,002.89	2,890.00	3,347.13	93,351.42
Apr	50,000.00	25,480.00	817.13	0.00	4,165.00	80,462.13
May	1,960.88	18,937.63	5,139.58	6,500.00	5,145.77	37,683.86
Jun	51,196.31	3,789.42	3,774.56	8,249.00	14,094.62	81,103.91
Jul	5,190.19	42,736.83	1,116.66	0.00	0.00	49,043.68
Aug	2,361.94	5,650.31	5,520.07	186.00	-150.00	13,568.32
Sep	11,917.19	8,978.86	1,529.13	0.00	2,942.98	25,368.16
Oct	6,897.31	17,141.01	1,621.65	5,600.00	860.69	32,120.66
Nov	52.94	10,390.68	3,580.06	56.00	110.83	14,190.51
Dec	0.00	9,110.78	2,582.28	15,399.00	1,297.34	28,389.40
Jan	105.88	40,658.51	3,861.65	0.00	0.00	44,626.04
Totals	178,399.18	211,521.10	44,934.59	38,880.00	31,834.36	505,569.23

Plaintiff's Exhibit #442

Trans #	Type	Date	Num	Name	Account	Type	Charge	Amount	Document Exhibits	Location Exhibit 268
3,295	Check	02/01/11	1601	Barnes, Kristen	Office Expense	Misc G&A Exp	PNC Checking	4,246.27	Missing	T4C00959
3,316	Check	02/14/11	1605	Dell Financial Services	Equipment	Equipment & Fixtures	PNC Checking	167.21	Missing	T4C00964
3,334	Check	02/16/11	1607	CCH	Subscriptions - Legal DB	Misc G&A Exp	PNC Checking	78.39	Missing	T4C00966
3,335	Check	02/16/11	1608	CCH	Subscriptions - Legal DB	Misc G&A Exp	PNC Checking	27.51	Missing	T4C00967
3,338	Check	02/24/11	1611	Dixon, Bruce	Transportation	Travel	PNC Checking	20.00	Missing	T4C00968
3,306	Credit Card Charge	02/26/11	BFT	American Express	Information Technology	IT Services		1,085.00	Missing	T4C00972-
				American Express	Office Expense	Misc G&A Exp	PNC Checking	23.02	Missing	T4C00977
				American Express	Office Expense	Misc G&A Exp		13.74	Missing	
3,285	J/E	03/01/11	EFT	Statsoft	Computer Equipment	Equipment & Fixtures	PNC Lease	15,015.00	T4C01369	T4C00978
3,285	J/E	03/01/11	EFT	Millennium Solutions, Inc	Equipment Lease	Equipment & Fixtures	PNC Lease	33,528.00	T4C01369	T4C00979
3,348	Check	03/02/11	1614	Greensfelder, Hemker & Gale	Legal Fees	Professional Svcs	PNC Checking	1,883.00	T4C00009	T4C00980
3,351	Check	03/08/11	1616	Millennium Solutions, Inc	Information Technology	IT Services	PNC Checking	1,085.00	T4C00009	T4C00983
3,351	Check	03/08/11	1616	Millennium Solutions, Inc	Information Technology	IT Services	PNC Checking	25,130.00	T4C00009	T4C00982
3,351	Check	03/08/11	1616	Millennium Solutions, Inc	Internet Expense	IT Services	PNC Checking	249.90	T4C00009	T4C00984
3,415	Check	04/08/11	1619	WorkedSquared	Furniture & Fixtures	Equipment & Fixtures	PNC Checking	40,000.00	T4C00012	T4C00985
3,363	Check	03/16/11	1642	Miscellaneous	Office Expense	Misc G&A Exp	PNC Checking	234.00	T4C00009	Missing
				American Express	Flight	Travel		1,849.60		
				American Express	Information Technology	IT Services		1,097.17		
				American Express	Lodging	Travel		586.32		
				American Express	Meals & Entertainment	Travel		502.44		
				American Express	Membership Dues	Misc G&A Exp		495.00		
				American Express	Office Expense	Misc G&A Exp	PNC Checking	604.50	T4C00009	T4C00992
				American Express	Postage & Handling	Misc G&A Exp		248.43		
				American Express	Subscriptions - Legal DB	Misc G&A Exp		3,960.00		
				American Express	Telephone Expenses	Misc G&A Exp		460.96		
				American Express	Transportation	Travel		408.77		
3,364	Check	03/18/11	1643	Dell Financial Services	Equipment	Equipment & Fixtures	PNC Checking	6.33	T4C00009	T4C01015
3,372	Check	03/22/11	1644	Miscellaneous	Office Expense	Misc G&A Exp	PNC Checking	5,000.00	T4C00009	T4C01017
3,385	Check	03/29/11	1648	Greensfelder, Hemker & Gale	Legal Fees	Professional Svcs	PNC Checking	1,007.00	T4C00012	T4C01018
3,405	Check	04/05/11	1650	Millennium Solutions, Inc	Information Technology	IT Services	PNC Checking	25,480.00	T4C00012	T4C01021
3,408	Check	04/06/11	1651	Dixon, Bruce	Transportation	Travel	PNC Checking	10.00	T4C00015	T4C01022
3,417	Check	04/11/11	1653	CCH	Subscriptions - Legal DB	Misc G&A Exp	PNC Checking	173.79	T4C00012	T4C01027
3,425	Check	04/15/11	1654	Barnes, Jason D	Transportation	Travel	PNC Checking	15.00	T4C00012	T4C01028
3,728	General Journ	06/17/11	J/E	WorkedSquared	Furniture & Fixtures	Equipment & Fixtures	PNC Lease	14,745.08	T4C01369	Missing
				American Express	Flight	Travel		2,519.60		
				American Express	Lodging	Travel		91.32		
				American Express	Meals & Entertainment	Travel		912.60		
				American Express	Office Expense	Misc G&A Exp	PNC Checking	339.84	T4C00012	T4C01030-
				American Express	Postage & Handling	Misc G&A Exp		131.63		T4C01046
				American Express	Telephone Expenses	Misc G&A Exp		171.87		
				American Express	Transportation	Travel		573.95		
3,431	Check	04/20/11	1623	WorkedSquared	Furniture & Fixtures	Equipment & Fixtures	PNC Checking	10,000.00	T4C00012	
3,438	Check	04/27/11	1660	Dixon, Bruce	Meals & Entertainment	Travel	PNC Checking	32.53	T4C00015	T4C01047
3,438	Check	04/27/11	1660	Dixon, Bruce	Transportation	Travel	PNC Checking	10.00	T4C00015	T4C01047
3,452	Check	05/05/11	1661	Greensfelder, Hemker & Gale	Legal Fees	Professional Svcs	PNC Checking	6,500.00	T4C00015	T4C01052
3,455	Check	05/05/11	1664	Miscellaneous	Office Expense	Misc G&A Exp	PNC Checking	110.00	T4C00015	Missing
3,462	Check	05/12/11	1668	Bright House	Internet Expense	IT Services	PNC Checking	262.68	T4C00015	T4C01056
3,470	Check	05/16/11	1670	Millennium Solutions, Inc	Flight	Travel	PNC Checking	806.80	T4C00015	T4C01059
3,470	Check	05/16/11	1670	Millennium Solutions, Inc	Information Technology	IT Services	PNC Checking	16,350.00	T4C00015	T4C01058
3,474	Check	05/19/11	1702	Miscellaneous	Office Expense	Misc G&A Exp	PNC Checking	446.25	T4C00015	Missing
				American Express	Computer Equipment	Equipment & Fixtures		1,800.00		
				American Express	Flight	Travel		1,849.62		
				American Express	Information Technology	IT Services		2,260.00		
				American Express	Lodging	Travel		1,373.06		
				American Express	Meals & Entertainment	Travel		852.91		
				American Express	Office Expense	Misc G&A Exp		420.24		
				American Express	Postage & Handling	Misc G&A Exp		17.47		
				American Express	Telephone Expenses	Misc G&A Exp		314.79		
				American Express	Transportation	Travel		263.38		
3,475	Check	05/20/11	1703	Miscellaneous	Property	Misc G&A Exp	PNC Checking	50.00	T4C00018	Missing
3,478	Check	05/20/11	1706	State Farm	Insurance	Misc G&A Exp	PNC Checking	726.00	T4C00015	T4C01075
3,479	Check	05/20/11	1707	State Farm	Insurance	Misc G&A Exp	PNC Checking	2,297.00	T4C00018	T4C01079
3,485	Check	05/25/11	1710	Dell Financial Services	Equipment	Equipment & Fixtures	PNC Checking	160.88	T4C00015	T4C01081
3,486	Check	05/25/11	1711	Millennium Solutions, Inc	Internet Expense	IT Services	PNC Checking	64.95	T4C00018	T4C01084
3,486	Check	05/25/11	1711	Millennium Solutions, Inc	Office Expense	Misc G&A Exp	PNC Checking	719.99	T4C00018	T4C01085
3,486	Check	05/25/11	1711	Millennium Solutions, Inc	Office Expense	Misc G&A Exp	PNC Checking	37.84	T4C00018	T4C01083
3,496	Check	06/01/11	1712	Greensfelder, Hemker & Gale	Legal Fees	Professional Svcs	PNC Checking	7,474.00	T4C00018	T4C01086
3,497	Check	06/01/11	1713	State Farm	Property	Misc G&A Exp	PNC Checking	602.00	T4C00018	Missing
3,498	Check	06/01/11	1714	Bright House	Internet Expense	IT Services	PNC Checking	262.68	T4C00019	T4C01089
3,499	Check	06/03/11	1715	Millennium Solutions, Inc	Office Expense	Misc G&A Exp	PNC Checking	1,060.00	T4C00018	T4C01091
3,522	Check	06/15/11	1719	Miscellaneous	Furniture & Fixtures	Equipment & Fixtures	PNC Checking	6,260.00	T4C00018	Missing
				American Express	Colo Center	IT Services		1,800.00		
				American Express	Information Technology	IT Services		146.74		
				American Express	Flight	Travel		5,444.60		
				American Express	Lodging	Travel		1,723.67		
				American Express	Meals & Entertainment	Travel		1,208.80		
				American Express	Office Expense	Misc G&A Exp		192.27		
				American Express	Telephone Expenses	Misc G&A Exp		314.60		



ACLR, LLC v. USA

Exhibit 269  
G&A Payments

3 of 4

Trans #	Type	Date	Num	Name	Account	Type	Charge	Amount	Document Exhibits	Location Exhibit 268
									261/268	
3,564	Credit Card Charge	06/27/11	EFT	American Express	Transportation	Travel		660.19		
				American Express	Flight	Travel		50.00		
				American Express	Information Technology	IT Services		1,580.00		
				American Express	Lodging	Travel		3,594.96		
				American Express	Meals & Entertainment	Travel		886.47		
				American Express	Office Expense	Misc G&A Exp	PNC Checking	443.82	T4C00019	T4C01118-
				American Express	Office Expense	Misc G&A Exp		186.35		T4C01146
				American Express	Postage & Handling	Misc G&A Exp		321.07		
				American Express	Telephone Expenses	Misc G&A Exp		654.45		
				American Express	Transportation	Travel		525.93		
3,534	Check	06/28/11	1724	Millennium Solutions, Inc	Computer Equipment	Equipment & Fixtures	PNC Checking	24,936.61	T4C00023	T4C01147-
3,534	Check	06/28/11	1724	Millennium Solutions, Inc	Furniture & Fixtures	Equipment & Fixtures	PNC Checking	5,254.62	T4C00023	T4C01155
3,535	Check	06/28/11	1725	Greensfelder, Hemker & Gale	Legal Fees	Professional Svcs	PNC Checking	775.00	T4C00023	T4C01156
3,604	Check	07/05/11	1727	Dell Financial Services	Equipment	Equipment & Fixtures	PNC Checking	167.21	T4C00023	T4C01158
3,548	Check	07/08/11	1729	Millennium Solutions, Inc	Information Technology	IT Services	PNC Checking	11,530.00	T4C00023	T4C01161-
3,548	Check	07/08/11	1729	Millennium Solutions, Inc	Office Expense	Misc G&A Exp	PNC Checking	142.43	T4C00023	T4C01163
3,556	Check	07/19/11	1763	Bright House	Internet Expense	IT Services	PNC Checking	416.83	T4C00026	T4C01164
3,560	Check	07/25/11	1765	Miscellaneous	Office Expense	Misc G&A Exp	PNC Checking	895.00	T4C00023	T4C01166
3,567	Check	07/25/11	1767	Dell Financial Services	Equipment	Equipment & Fixtures	PNC Checking	52.94	T4C00023	T4C01167
3,568	Check	07/26/11	1768	Millennium Solutions, Inc	Information Technology	IT Services	PNC Checking	30,790.00	T4C00026	T4C01170
3,571	Check	07/27/11	1771	SMC Investors, LLC	Office Expense	Misc G&A Exp	PNC Checking	79.23	T4C00026	Missing
3,733	J/E	07/30/11	EFT	Millennium Solutions, Inc	Computer Equipment	Equipment & Fixtures	PNC Lease	4,970.04	T4C01369	T4C01171
3,579	Check	08/03/11	1773	Tyco	Office Expense	Misc G&A Exp	PNC Checking	2,073.13	T4C00026	T4C01172
3,584	Check	08/08/11	1776	Miscellaneous	Office Expense	Misc G&A Exp	PNC Checking	355.74	T4C00026	Missing
3,586	Check	08/15/11	1777	Greensfelder, Hemker & Gale	Legal Fees	Professional Svcs	PNC Checking	186.00	T4C00026	T4C01174
3,629	Check	08/16/11	1778	Bright House	Internet Expense	IT Services	PNC Checking	207.31	T4C00027	T4C01176
3,632	Check	08/17/11	1779	Dell Financial Services	Equipment	Equipment & Fixtures	PNC Checking	211.94	T4C00026	T4C01178
3,630	Credit Card Charge	08/17/11	EFT	American Express	Colo Center	IT Services		5,443.00		
				American Express	Computer Equipment	Equipment & Fixtures		2,150.00		
				American Express	Lodging	Travel	PNC Checking	-150.00	T4C00026	T4C01180-
				American Express	Office Expense	Misc G&A Exp		2,711.81		T4C01190
				American Express	Postage & Handling	Misc G&A Exp		23.77		
				American Express	Telephone Expenses	Misc G&A Exp		242.12		
3,636	Check	08/22/11	1783	Tyco	Office Expense	Misc G&A Exp	PNC Checking	63.50	T4C00026	T4C01191
3,638	Check	08/29/11	1785	State Farm	Insurance	Misc G&A Exp	PNC Checking	50.00	T4C00029	T4C01192
3,650	Check	09/06/11	1786	Millennium Solutions, Inc	Information Technology	IT Services	PNC Checking	7,240.00	T4C00029	T4C01195
3,657	Check	09/12/11	1789	Miscellaneous	Computer Equipment	Equipment & Fixtures	PNC Checking	9,858.00	T4C00029	T4C01196
3,662	Check	09/16/11	1790	Bright House	Internet Expense	IT Services	PNC Checking	218.86	T4C00029	T4C01197
3,665	Credit Card Charge	09/19/11	EFT	American Express	Colo Center	IT Services		1,520.00		
				American Express	Telephone Expenses	Misc G&A Exp		242.99		
				American Express	Lodging	Travel	PNC Checking	1,652.18	T4C00029	T4C01199-
				American Express	Meals & Entertainment	Travel		249.51		T4C01217
				American Express	Office Expense	Misc G&A Exp		684.42		
				American Express	Transportation	Travel		1,041.29		
3,679	Check	09/26/11	1792	Millennium Solutions, Inc	Computer Equipment	Equipment & Fixtures	PNC Checking	2,006.25	T4C00032	T4C01218
3,682	Check	09/26/11	1795	Tyco	Office Expense	Misc G&A Exp	PNC Checking	63.50	T4C00029	T4C01220
3,683	Check	09/26/11	1796	Bright House	Telephone Expenses	Misc G&A Exp	PNC Checking	538.22	T4C00032	T4C01221
3,684	Check	09/26/11	1797	Dell Financial Services	Equipment	Equipment & Fixtures	PNC Checking	52.94	T4C00032	Missing
3,699	Check	10/03/11	1799	Millennium Solutions, Inc	Computer Equipment	Equipment & Fixtures	PNC Checking	1,439.15	T4C00032	T4C01224
3,702	Check	10/05/11	1801	Tyco	Furniture & Fixtures	Equipment & Fixtures	PNC Checking	455.00	T4C00032	T4C01226
3,703	Check	10/05/11	1802	Millennium Solutions, Inc	Information Technology	IT Services	PNC Checking	4,750.00	T4C00032	T4C01228-
3,703	Check	10/05/11	1802	Millennium Solutions, Inc	Information Technology	IT Services	PNC Checking	5,500.00	T4C00032	T4C01229
3,724	Check	10/18/11	1805	C & J Electrical Services	Furniture & Fixtures	Equipment & Fixtures	PNC Checking	3,410.00	T4C00032	T4C01230
3,704	Credit Card Charge	10/18/11	EFT	American Express	Colo Center	IT Services		2,410.00		
				American Express	Internet Expense	IT Services		140.00		
				American Express	Lodging	Travel		588.72		
				American Express	Office Expense	Misc G&A Exp	PNC Checking	384.22	T4C00032	T4C01233-
				American Express	Postage & Handling	Misc G&A Exp		440.95		T4C01249
				American Express	Telephone Expenses	Misc G&A Exp		88.11		
				American Express	Transportation	Travel		271.97		
3,725	Check	10/19/11	1806	Millennium Solutions, Inc	Computer Equipment	Equipment & Fixtures	PNC Checking	1,540.22	T4C00035	T4C01250
3,726	Check	10/19/11	1807	Millennium Solutions, Inc	Information Technology	IT Services	PNC Checking	4,119.00	T4C00035	T4C01254
3,734	Check	10/21/11	1808	Bright House	Telephone Expenses	Misc G&A Exp	PNC Checking	567.10	T4C00033	T4C01256
3,736	Check	10/21/11	1810	Tyco	Office Expense	Misc G&A Exp	PNC Checking	63.50	T4C00032	T4C01258
3,737	Check	10/21/11	1811	Bright House	Internet Expense	IT Services	PNC Checking	222.01	T4C00033	T4C01259
3,739	Check	10/24/11	1813	Miscellaneous	Office Expense	Misc G&A Exp	PNC Checking	77.77	T4C00032	Missing
3,740	Check	10/24/11	1814	Dell Financial Services	Equipment	Equipment & Fixtures	PNC Checking	52.94	T4C00032	Missing
3,759	Check	10/31/11	1817	Clark Hill	Legal Fees	Professional Svcs	PNC Checking	5,600.00	T4C00035	T4C01263
3,766	Check	11/14/11	1822	Millennium Solutions, Inc	Information Technology	IT Services	PNC Checking	7,645.00	T4C00035	T4C01269
3,768	Check	11/14/11	1824	Greensfelder, Hemker & Gale	Legal Fees	Professional Svcs	PNC Checking	56.00	T4C00035	T4C01271
3,774	Check	11/15/11	1825	Bright House	Internet Expense	IT Services	PNC Checking	195.68	T4C00036	T4C01289
3,720	Credit Card Charge	11/15/11	EFT	American Express	Colo Center	IT Services		2,410.00		
				American Express	Internet Expense	IT Services		140.00		
				American Express	Meals & Entertainment	Travel		110.83	T4C00036	T4C01291-
				American Express	Office Expense	Misc G&A Exp		125.86		T4C01300
				American Express	Postage & Handling	Misc G&A Exp		380.31		



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Exhibit 269  
G&A Payments

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Transaction	Type	Date	Num	Name	Account	Type	Charge	Amount	Document Exhibits	Location Exhibit
3,781	Check	11/28/11	1827	Bright House	Telephone Expenses	Misc G&A Exp	PNC Checking	556.45	T4C00038	T4C01301
3,783	Check	11/28/11	1829	Tyco	Office Expense	Misc G&A Exp	PNC Checking	63.50	T4C00038	T4C01304
3,784	Check	11/28/11	1830	AT&T	Office Expense	Misc G&A Exp	PNC Checking	2,453.94	T4C00038	T4C01306
3,785	Check	11/28/11	1831	Dell Financial Services	Equipment	Equipment & Fixtures	PNC Checking	52.94	T4C00038	T4C01308
3,797	Check	12/02/11	1735	Fisher, Daryl	Contractor Wages	Misc G&A Exp	PNC Checking	225.00	T4C00038	N/A
3,798	Check	12/08/11	1834	Millennium Solutions, Inc	Internet Expense	IT Services	PNC Checking	780.00	T4C00038	T4C01309
3,809	Check	12/15/11	1838	Zoho Corporation	Information Technology	IT Services	PNC Checking	5,157.00	T4C00038	T4C01311
3,816	Check	12/15/11	1839	Fisher, Daryl	Contractor Wages	Misc G&A Exp	PNC Checking	550.00	T4C00038	N/A
3,817	Check	12/19/11	1840	Clark Hill	Legal Fees	Professional Svcs	PNC Checking	15,399.00	T4C00038	T4C01314
3,860	Credit Card Charge	12/20/11	EFT	American Express	Lodging	Travel	PNC Checking	484.91	T4C00038	T4C01327-T4C01342
				American Express	Transportation	Travel		487.27		
				American Express	Meals & Entertainment	Travel		325.16		
				American Express	Postage & Handling	Misc G&A Exp		19.29		
				American Express	Office Expense	Misc G&A Exp		310.76		
				American Express	Colo Center	IT Services		2,410.00		
3,823	Check	12/27/11	1842	Tyco	Office Expense	Misc G&A Exp	PNC Checking	63.50	T4C00038	T4C01343
3,824	Check	12/27/11	1843	Bright House	Internet Expense	IT Services	PNC Checking	763.78	T4C00041	T4C01345
3,826	Check	12/27/11	1845	AT&T	Office Expense	Misc G&A Exp	PNC Checking	1,413.73	T4C00041	T4C01348
3,827	Check	01/10/12	1846	Dell Financial Services	Equipment	Equipment & Fixtures	PNC Checking	52.94	T4C00041	T4C01349
3,850	Check	01/10/12	1854	Millennium Solutions, Inc	Information Technology	IT Services	PNC Checking	4,278.50	T4C00044	T4C01351
3,861	Check	01/13/12	1855	Fisher, Daryl	Contractor Wages	Misc G&A Exp	PNC Checking	450.00	T4C00041	N/A
3,871	Check	01/13/12	EFT	Tranxact Global	PNC Visa	Misc G&A Exp	PNC Checking	140.00		T4C01
3,871	Check	01/13/12	EFT	Colo Rent	PNC Visa	Misc G&A Exp	PNC Checking	2,410.00		T4C01
3,828	Check	01/16/12	1847	Fisher, Daryl	Contractor Wages	Misc G&A Exp	PNC Checking	275.00	T4C00041	N/A
3,862	Check	01/17/12	1856	Miscellaneous	Postage & Handling	Misc G&A Exp	PNC Checking	73.15	T4C00041	Missing
3,866	Check	01/17/12	1860	AT&T	Internet Expense	IT Services	PNC Checking	1,413.73	T4C00041	T4C01363
3,852	Check	01/18/12	1852	Millennium Solutions, Inc	Information Technology	IT Services	PNC Checking	10,615.00	T4C00041	T4C01350
3,864	Check	01/18/12	1858	Millennium Solutions, Inc	Information Technology	IT Services	PNC Checking	10,030.00	T4C00041	T4C01361
3,875	Check	01/24/12	1863	Dell Financial Services	Equipment	Equipment & Fixtures	PNC Checking	52.94	T4C00041	Missing
3,876	Check	01/24/12	1864	Tyco	Office Expense	Misc G&A Exp	PNC Checking	63.50	T4C00041	T4C01365
3,886	Check	01/27/12	1867	Fisher, Daryl	Contractor Wages	Misc G&A Exp	PNC Checking	450.00	T4C00041	N/A
3,889	Check	01/31/12	1868	Millennium Solutions, Inc	Information Technology	IT Services	PNC Checking	14,321.28	T4C00047	T4C0166
Total								\$05,569.23		

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<p>1 IN THE UNITED STATES COURT</p> <p>2 OF FEDERAL CLAIMS</p> <p>3 -----x</p> <p>4 ACLR, LLC</p> <p>5 Plaintiff,</p> <p>6 -vs- Civil Action No. 15-767</p> <p>7 THE UNITED STATES (Judge Campbell-Smith)</p> <p>8 Defendant.</p> <p>9 -----x</p> <p>10 Tuesday, October 24, 2017</p> <p>11 Baltimore, Maryland</p> <p>12</p> <p>13 THE DEPOSITION OF THERESA ANN SCHULTZ</p> <p>14</p> <p>15 (Page 38, line 4 through Page 53, line 10</p> <p>16 MARKED CONFIDENTIAL)</p> <p>17</p> <p>18 (Page 67, line 17 through Page 72, line 6</p> <p>19 MARKED CONFIDENTIAL)</p> <p>20</p> <p>21</p> <p>22</p>	<p>1 APPEARANCES:</p> <p>2</p> <p>3 On behalf of the Plaintiff:</p> <p>4 JOHN A. BONELLO, ESQ.</p> <p>5 David, Brody &amp; Dondershine, LLP</p> <p>6 12355 Sunrise Valley Drive</p> <p>7 Suite 650</p> <p>8 Reston, Virginia 20191</p> <p>9 703.264.2220</p> <p>10 Jbonello@dbd-law.com</p> <p>11</p> <p>12 On behalf of the Defendant:</p> <p>13 ADAM E. LYONS, ESQ.</p> <p>14 U.S. Department of Justice</p> <p>15 National Courts</p> <p>16 1100 L Street, NW</p> <p>17 Washington, DC 20530</p> <p>18 202.305.3622</p> <p>19 Adam.e.lyons@usdoj.gov</p> <p>20</p> <p>21</p> <p>22</p>
Page 2	Page 4
<p>1</p> <p>2</p> <p>3 THE DEPOSITION OF THERESA ANN SCHULTZ</p> <p>4</p> <p>5</p> <p>6 The deposition of THERESA ANN SCHULTZ</p> <p>7 was taken on Tuesday, October 24, 2017,</p> <p>8 commencing at 9:10 a.m., at the Department of</p> <p>9 Health and Human services, Office of General</p> <p>10 Counsel, 7500 Security Boulevard, Central</p> <p>11 Building, Baltimore, Maryland, before CHERYL</p> <p>12 NICHOLSON, CCR, CLR, Stenotype Reporter and</p> <p>13 Notary Public in and for the State of Maryland.</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p>	<p>1 APPEARANCES: (Continued)</p> <p>2</p> <p>3 On behalf of the HHS:</p> <p>4 LUCY MAC GABHANN, ESQ.</p> <p>5 BRETT BIDERER</p> <p>6 US Department of Health and Human</p> <p>7 Services</p> <p>8 7500 Security Boulevard</p> <p>9 Baltimore, Maryland 21244</p> <p>10 Lucymacgabhann@hhs.gov</p> <p>11 410.786.8857</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p>

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<p style="text-align: right;">Page 9</p> <p>1 said but --</p> <p>2 <b>Q. Hopefully she didn't place the blame</b></p> <p>3 <b>on me.</b></p> <p>4 A. No. No.</p> <p>5 <b>Q. Just the experience in general, right?</b></p> <p>6 A. Yes. It was -- we talked about the</p> <p>7 experience of it.</p> <p>8 <b>Q. Okay. Did you look at any documents</b></p> <p>9 <b>when you met with counsel?</b></p> <p>10 A. Maybe one. Maybe one document.</p> <p>11 <b>Q. And what document was that?</b></p> <p>12 A. It was an email.</p> <p>13 <b>Q. And what did the email say?</b></p> <p>14 A. I don't remember.</p> <p>15 <b>Q. Okay. Was it from you?</b></p> <p>16 A. No.</p> <p>17 <b>Q. Do you know who it was from?</b></p> <p>18 A. I believe it was from Tanette Downs.</p> <p>19 <b>Q. Do you know generally what it had to</b></p> <p>20 <b>do with?</b></p> <p>21 A. I believe it had to do with an audit</p> <p>22 issue.</p>	<p style="text-align: right;">Page 11</p> <p>1 <b>Q. And on which contracts are you a</b></p> <p>2 <b>contracting officer?</b></p> <p>3 A. None assigned to me. I do some</p> <p>4 contracting officer work if -- to pick up any --</p> <p>5 to help out with my -- the rest of my staff. So</p> <p>6 I don't have any that are directly assigned to</p> <p>7 me.</p> <p>8 <b>Q. What are your responsibilities as the</b></p> <p>9 <b>director of DPIFMC?</b></p> <p>10 A. I manage the team of contract</p> <p>11 specialists and contracting officers.</p> <p>12 <b>Q. Is that for all of CMS?</b></p> <p>13 A. No. It's a team of -- I believe we</p> <p>14 have 12 on the team.</p> <p>15 <b>Q. And that's a combination of</b></p> <p>16 <b>contracting officers and contracting</b></p> <p>17 <b>specialists?</b></p> <p>18 A. Yes.</p> <p>19 <b>Q. And does it pertain to any particular</b></p> <p>20 <b>area?</b></p> <p>21 A. Yes. Center for Program Integrity and</p> <p>22 some of Office of Financial Management</p>
<p style="text-align: right;">Page 10</p> <p>1 <b>Q. Do you remember what the audit issue</b></p> <p>2 <b>was?</b></p> <p>3 A. No.</p> <p>4 <b>Q. As we go through the documents today,</b></p> <p>5 <b>if you see it, then just let me know if you</b></p> <p>6 <b>would.</b></p> <p>7 A. Okay.</p> <p>8 <b>Q. What's your position at CMS?</b></p> <p>9 A. I am a -- the director of the Division</p> <p>10 of Program Integrity and Financial Management</p> <p>11 Contracts, and I am also a contracting officer.</p> <p>12 <b>Q. So the director of the division of --</b></p> <p>13 A. Division of Program Integrity and</p> <p>14 Financial Management Contracts.</p> <p>15 <b>Q. Is there an acronym for that?</b></p> <p>16 A. DPIFMC.</p> <p>17 <b>Q. And how long have you been the</b></p> <p>18 <b>director of DPIFMC?</b></p> <p>19 A. I believe since 2011.</p> <p>20 <b>Q. And what did you say your other</b></p> <p>21 <b>position was?</b></p> <p>22 A. Contracting officer.</p>	<p style="text-align: right;">Page 12</p> <p>1 contracts, non-IT.</p> <p>2 <b>Q. And what does CPI stand for?</b></p> <p>3 A. Center for Program Integrity.</p> <p>4 <b>Q. And what is the significance of that</b></p> <p>5 <b>Center for Program Integrity? What do they do?</b></p> <p>6 A. They work with program integrity</p> <p>7 obviously but fraud, waste and abuse in</p> <p>8 Medicare. They also handle the RAC program.</p> <p>9 <b>Q. Is that all of the RAC programs?</b></p> <p>10 A. Now, yes.</p> <p>11 <b>Q. And how long has CPI handled all of</b></p> <p>12 <b>the RAC programs?</b></p> <p>13 A. I don't remember. It's been recent.</p> <p>14 <b>Q. How long have you been the director of</b></p> <p>15 <b>the division of PIFMC?</b></p> <p>16 A. In 2011.</p> <p>17 <b>Q. And from 2011 through today, you've</b></p> <p>18 <b>held similar responsibilities?</b></p> <p>19 A. Yes.</p> <p>20 <b>Q. And what were you before you became</b></p> <p>21 <b>the director of -- the director?</b></p> <p>22 A. The contracting officer -- a</p>

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<p style="text-align: right;">Page 89</p> <p>1 follow the same review process as the RAC. 2 And then it says: The DVC will also 3 validate the UFR records, the improper payment 4 amount and contingency fee. 5 Do you know what the term validate 6 means there? 7 A. I'm not sure what the UFR records are. 8 So I don't know. 9 Q. You don't know what validate means in 10 the context of 2.2? 11 A. I don't know what validate means and 12 what a UFR record is. I don't know what a UFR 13 record is. 14 Q. And under this Section 2.2, the DVC is 15 supposed to use the same process as the RAC? 16 A. It would appear so. The DVC will 17 follow the same review process as the RAC 18 according to this. 19 Q. So if they're to use the same process, 20 the DVC, they're not to use any other process, 21 correct? 22 A. Unless there's -- it's specifically</p>	<p style="text-align: right;">Page 91</p> <p>1 with what the -- that draft statement of work 2 says. 3 (Schultz Exhibit No. 95 was marked for 4 identification.) 5 BY MR. BONELLO: 6 Q. I'm showing you what's been marked as 7 Exhibit 95. 8 Are you familiar with this document? 9 A. I was copied on it, but I'm -- I don't 10 really recall it. 11 Q. Did you assist Ms. Hoey in preparing 12 this document? 13 A. I probably read it. Let me read it. 14 Q. We'll go through parts of it. 15 A. Okay. 16 Q. If you're looking to see if you're 17 mentioned in it or something, I don't believe 18 you specifically are. 19 A. Okay. 20 Q. In terms of the authority of Ms. Hoey 21 to issue the denial of the claim, is she the one 22 that has authority to do that and makes the</p>
<p style="text-align: right;">Page 90</p> <p>1 indicated in their contract, I don't know. 2 (Schultz Exhibit No. 94 was marked for 3 identification.) 4 BY MR. BONELLO: 5 Q. I'm showing you what's been marked as 6 Exhibit 94. This is from March 16th of 2012, 7 and it looks like meeting minutes. 8 If you look under Section 2 on the 9 first page, doesn't that indicate that the DVC 10 is using a different process than what ACLR was 11 using in its accuracy review? 12 MR. LYONS: Objection, foundation. 13 THE WITNESS: I can't tell by this 14 if -- I don't know if -- by this if they are 15 using a different process. 16 BY MR. BONELLO: 17 Q. If the statement of work indicates 18 that the DVC was using the same process but the 19 DVC was actually using a different process, 20 wouldn't that be inconsistent with the RAC 21 contract? 22 A. Yes. I guess it could be inconsistent</p>	<p style="text-align: right;">Page 92</p> <p>1 decision as to whether to do that? 2 A. Yes. To the best of my knowledge, 3 yes. 4 Q. Does she need your approval as her 5 supervisor to do that? 6 A. No. 7 Q. If you look at the bottom of the first 8 page of the claims now, it says: Basically it 9 appears that ACLR's allegations are that CMS has 10 constructively terminated and breached the terms 11 of the above-referenced contract. 12 Would you agree with that statement? 13 A. I would agree that that is ACLR's 14 allegation, yes. 15 Q. Do you agree with the allegation? Or 16 do you believe the allegation is true? 17 A. No. We did not terminate their 18 contract. 19 Q. What about constructively terminating 20 the contract? 21 A. I don't believe we did, no. 22 Q. What about breaching the terms of the</p>